

FISCAL IMPACT STATEMENT ON BILL NO. **H.3442, As Amended**
(Doc. No. 2216ab09.docx)

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| TO: | The Honorable James H. Harrison, Chairman, House Judiciary Committee | | |
| FROM: | Office of State Budget, Budget and Control Board | | |
| ANALYSTS: | Torina Wood, Rodney Grizzle, Bob Stein and Beth Quick | | |
| DATE: | March 24, 2009 | SBD: | 2009268 |

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| AUTHOR: | Representative Bingham | PRIMARY CODE CITE: | 41-29-300 |
| SUBJECT: | Department of Workforce | | |

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

House Bill 3442 amends the Code of Laws of South Carolina, 1976, as amended, to create, within the Executive branch of State Government, the South Carolina Department of Workforce. The Bill deletes references to the current Employment Security Commission and creates the Workforce Department Appellate Panel comprised of present Commission members, dissolves the Panel in 2012, and transfers second level appeals to the Administrative Law Court. The Bill also transfers the Workforce Investment Act program from the Department of Commerce to the Department of Workforce.

EXPLANATION OF IMPACT:

Department of Workforce

Employment Security Commission

Federal Unemployment Insurance funds would cover expenses of the Appellate Panel created within the Department that would exist until the year 2012. Federal funds would also cover expenses for the appeals process transferred to the Administrative Law Court if the Court's services are provided free to the claimant and a fee-sharing contract, approved by the U. S. Department of Labor, is developed between the Department of Workforce and the Administrative Law Court.

The Employment Security Commission indicates it would incur non-recurring incidental costs associated with changing the agency's name to the Department of Workforce. These costs include approximately \$317,500 for signage and changing agency forms. The agency estimates internal programming costs associated with the name change at \$1,438,000. The U.S. Department of Labor indicates these costs could be considered allowable federal expenditures within the existing level of funding provided to the Commission.

Administrative Law Court

Costs incurred by the Administrative law Court would be covered by federal funds through a reimbursement agreement with the newly created Department of Workforce. The Administrative Law Court estimates recurring costs associated with administering the appeals process at \$326,180. Of that amount \$299,063 would be salary and fringe benefits for four (4.00) other funded FTE's. Other operating expenses are estimated \$27,117. First year non-recurring cost of \$25,150 for computer equipment and office furniture is also anticipated. Therefore, first year total costs are estimated at \$351,330. Actual payments to the agency would be based on reimbursable expenditures.

Department of Commerce

There would be no additional cost to the Department associated with transferring the Workforce Investment Act program to the Department of Workforce. The program is federally-funded and the Department of Commerce would transfer 31.00 federally-funded FTE positions along with \$80,222,500 in federal funds to the newly created Department of Workforce.

Judicial Department

The Department indicates that enactment of this Bill will have no impact on the General Fund of the State, nor on Federal and/or Other Funds.

Legislative Oversight of Executive Departments

Legislative Audit Council (LAC)

The Bill would require the LAC to perform reviews and audits as directed by the legislative committees. Depending on the number of requests for audits and reviews, the Council may need an additional audit team. An audit team would require 4.00 FTEs including one Audit Manager, one Senior Auditor, and two Associate Auditors at an annual recurring cost to the General Fund of \$304,840. The first year would also include a non-recurring cost to the General Fund of \$22,000 for furniture, computers, and related equipment.

House of Representatives

For legislative oversight reviews performed during the normal legislative session, there will be no additional cost. For reviews performed on non-legislative session days, there will be a cost of \$245 per day for each legislative member involved in the review. These estimates assume existing committee staff would perform the oversight studies.

Senate

Senate staff is in the process of reviewing this Bill for its potential impact on its Committees. This impact statement will be revised to include this information once the review and analysis are completed.”

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
Assistant Director, Office of State Budget